

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION
333 West 7th Avenue, Suite 100
Anchorage, Alaska 99501

Re: **THE APPLICATION OF**) Area Injection Order No. 6.011
HILCORP ALASKA LLC. for)
Administrative Approval allowing) Granite Point Field
well Bruce 5RD-86 (PTD 1790050)) Middle Kenai Oil Pool
(aka Granite Point State 17586 5RD))
to be online in water only injection) January 29, 2013
service with a suspected tubing x inner)
annulus communication.)

By letter dated January 18, 2013, Hilcorp Alaska LLC. (Hilcorp) requested administrative approval to continue water only injection in the subject well.

In accordance with Rule 9 of Area Injection Order (AIO) 6.000, the Alaska Oil and Gas Conservation Commission (AOGCC) hereby **GRANTS** Hilcorp's request for administrative approval to continue water only injection in the subject well.

Hilcorp reported to AOGCC on May 1, 2012 that the well showed signs of tubing x inner annulus (TxIA) communication and was shut in after being on produced water disposal. Hilcorp performed a MIT-IA on May 6, 2012 which failed. Hilcorp requested on September 13, 2012 approval to perform a baseline temperature survey, perform a 30 day injection test, then run a follow up temperature survey to determine fluid entry. AOGCC granted that request November 14, 2012 and the survey, 30 day test, and survey were completed December 31, 2012. Testing indicates fluid entry is below the packer and to the existing perforations. The AOGCC finds that Hilcorp does intend to perform repairs in Q3 2013 with a new completion, and operation of this well is critical to continued field production at this time. Accordingly, the AOGCC believes that the well's condition does not compromise overall well integrity so as to threaten human safety or the environment.

AOGCC's approval to continue water injection only in Bruce 5RD-86 is conditioned upon the following:

1. Hilcorp shall record wellhead pressures and injection rate daily;
2. Hilcorp shall submit to the AOGCC a monthly report of well pressures, injection rates, and pressure bleeds for all annuli. Bleeds to be flagged on the report;
3. Hilcorp shall install, maintain and operate automatic well shut-in equipment linked to the well's inner annulus (IA) and outer annulus (OA) pressure. The actuation pressure shall not exceed 3,250 psi for the inner annulus. The actuation pressure shall not exceed 750 psi for the outer annulus. Testing of the shut in equipment shut-down valve and mechanical or electrical pressure devices shall be performed upon install, and every 6 months thereafter, ideally in conjunction with production well pilots and safety valves. Hilcorp shall provide to the commission

commission the testing procedure that will be used to verify integrity of the well shut-in equipment linked to the inner and outer annulus pressures;

4. Hilcorp shall limit the wells IA operating pressure to 3,250 psi;
5. Hilcorp shall limit the wells OA operating pressure to 750 psi;
6. Hilcorp shall immediately shut in the well and notify the AOGCC if there is any change in the well's mechanical condition;
7. After well shut in due to a change in the well's mechanical condition, AOGCC approval shall be required to restart injection; and
8. This administrative approval shall expire 12 months after the effective date shown below.

DONE at Anchorage, Alaska and dated January 29, 2013.


Cathy P. Foerster
Chair, Commissioner


Daniel T. Seamount, Jr.
Commissioner


John K. Norman
Commissioner



RECONSIDERATION AND APPEAL NOTICE

As provided in AS 31.05.080(a), within **20** days after written notice of the entry of this order or decision, or such further time as the AOGCC grants for good cause shown, a person affected by it may file with the AOGCC an application for reconsideration of the matter determined by it. If the notice was mailed, then the period of time shall be **23** days. An application for reconsideration must set out the respect in which the order or decision is believed to be erroneous.

The AOGCC shall grant or refuse the application for reconsideration in whole or in part within 10 days after it is filed. Failure to act on it within 10-days is a denial of reconsideration. If the AOGCC denies reconsideration, upon denial, this order or decision and the denial of reconsideration are **FINAL** and may be appealed to superior court. The appeal **MUST** be filed within **33** days after the date on which the AOGCC mails, **OR 30** days if the AOGCC otherwise distributes, the order or decision denying reconsideration, **UNLESS** the denial is by inaction, in which case the appeal **MUST** be filed within **40** days after the date on which the application for reconsideration was filed.

If the AOGCC grants an application for reconsideration, this order or decision does not become final. Rather, the order or decision on reconsideration will be the **FINAL** order or decision of the AOGCC, and it may be appealed to superior court. That appeal **MUST** be filed within **33** days after the date on which the AOGCC mails, **OR 30** days if the AOGCC otherwise distributes, the order or decision on reconsideration. As provided in AS 31.05.080(b), "[t]he questions reviewed on appeal are limited to the questions presented to the AOGCC by the application for reconsideration."

In computing a period of time above, the date of the event or default after which the designated period begins to run is not included in the period; the last day of the period is included, unless it falls on a weekend or state holiday, in which event the period runs until 5:00 p.m. on the next day that does not fall on a weekend or state holiday.